



# **CHARTER COMMITTEE AGENDA REPORT**

---

MEETING DATE: OCTOBER 23, 2013

ITEM NUMBER: 7A-2

SUBJECT: COMPENSATION

DATE: OCTOBER 17<sup>TH</sup>, 2013

FROM: SPECIAL COUNSEL'S OFFICE

PRESENTATION BY: YOLANDA M. SUMMERHILL

FOR FURTHER INFORMATION CONTACT: BRENDA GREEN @ 714-754-5221

---

## **INTRODUCTION**

The Charter Committee is considering whether elected officials' and city staff's compensation and pensions should be addressed in the proposed charter.

## **DISCUSSION**

The Charter Committee may consider addressing compensation in the proposed charter for various reasons. In the wake of the City of Bell scandal, cities and citizens are considering whether safeguards should be put into place to ensure corruption and graft does not occur. Additionally, with budgets constraints, cities must be mindful of how the revenue is spent.

### **Compensation Under State Law**

Following the Bell scandal, the State of California enacted legislation to protect against such action in the future. Namely, city councils are prohibited from enacting an ordinance providing for their compensation in excess of the limits in Government Code § 36516. City Council is also prohibited from receiving additional compensation where all members of a city council serve on the board of another agency. And finally, if simultaneous or serial order meetings are held by the legislative body, a clerk or member of the convened legislative body must verbally announce, before the meeting of the subsequent legislative body, the amount of compensation or stipend, if any, that each member will be entitled to receive as a result of convening the simultaneous or serial meeting. Gov't Code § 54952.3(a).

### **City Council Compensation**

Compensation is defined as salary, retirement benefits and health care benefits. Currently, the City Council receives a \$904 per month salary and \$1595 per month in health benefits. As City Council members, they also serve on numerous boards and task forces without pay. However, in some cases they do receive additional pay. According to the August 2, 2011 City Council Agenda Report, individual City Council members receive compensation as a member of other public entities including \$120 for the individual council member's attendance at meetings of the San Joaquin Transportation Corridor Authority and \$100 for the individual council member's attendance at Orange County Vector Control meetings. The graph provided in the August 2, 2011 staff report demonstrates the City Council's current compensation package is in the middle range when compared to other Orange County cities.

## Employee Pensions

Pensions have increasingly become an area of concern for California cities. Earlier this year, the City Council created the Pension Committee which reviews annual and long term pension and financial matters as it pertains to the City's CalPERS (California Public Employees' Retirement System) retirement unfunded pension obligations. Given the fact that the Pension Committee focuses entirely on this issue, it might be beneficial for the Charter Committee to consider the information that has been provided to the Pension Committee prior to delving into this issue. One option is to ask the Pension Committee to provide a recommendation to the Charter Committee as to how the charter should address this issue, if at all.

## CONCLUSION

Based on the forgoing and additional information received by the Charter Committee, it may consider whether to include one or more provisions governing compensation in the proposed charter.

---

YOLANDA SUMMERHILL

ATTACHMENTS:      City Council's Current Compensation  
                             August 2, 2011 Staff Report re: Council Compensation



**COUNCIL MEMBER AND MAYOR  
Compensation and Benefits**

Title	Salary	Retirement City Contribution	Health Benefits	Life Insurance	LTD	Monthly Total
Mayor: Jim Righimer	\$904.40/mo \$10,853/yr	3.75%*	\$1,476/month**	Included in Medical	Included in Medical	\$2,470
Mayor Pro Tem: Stephen Mensinger	\$904.40/mo \$10,853/yr	3.75%*	\$1,476/month**	Included in Medical	Included in Medical	\$2,470
Council Member: Sandra Genis	\$904.40/mo \$10,853/yr	27.383%*	\$1,476/month**	Included in Medical	Included in Medical	\$2,628
Council Member: Wendy Leece	\$904.40/mo \$10,853/yr	24.914%*	\$1,476/month**	Included in Medical	Included in Medical	\$2,606
Council Member: Gary Monahan	\$904.40/mo \$10,853/yr	24.914%*	\$1,476/month**	Included in Medical	Included in Medical	\$2,606

\* Council members may elect to participate in PARS in lieu of CalPERS. PARS City contribution is 3.75%. PERS City contribution is 24.914% (2.5% @ 55 benefit) or 27.383% (2% @ 60 benefit) based on eligibility.

\*\* Cafeteria health benefits.





# **CITY COUNCIL AGENDA REPORT**

---

**MEETING DATE: AUGUST 2, 2011**

**ITEM NUMBER:**

**SUBJECT: REVIEW OF CITY COUNCIL COMPENSATION**

**DATE: JULY 27, 2011**

**FROM: OFFICE OF THE CHIEF EXECUTIVE OFFICER**

**PRESENTATION BY: COUNCIL MEMBER WENDY LEECE**

**FOR FURTHER INFORMATION CONTACT: BILL LOBDELL AT (714) 754-5288**

---

## **RECOMMENDATION:**

That the City Council review its compensation package and consider whether to reduce its salary and/or health benefits.

## **BACKGROUND:**

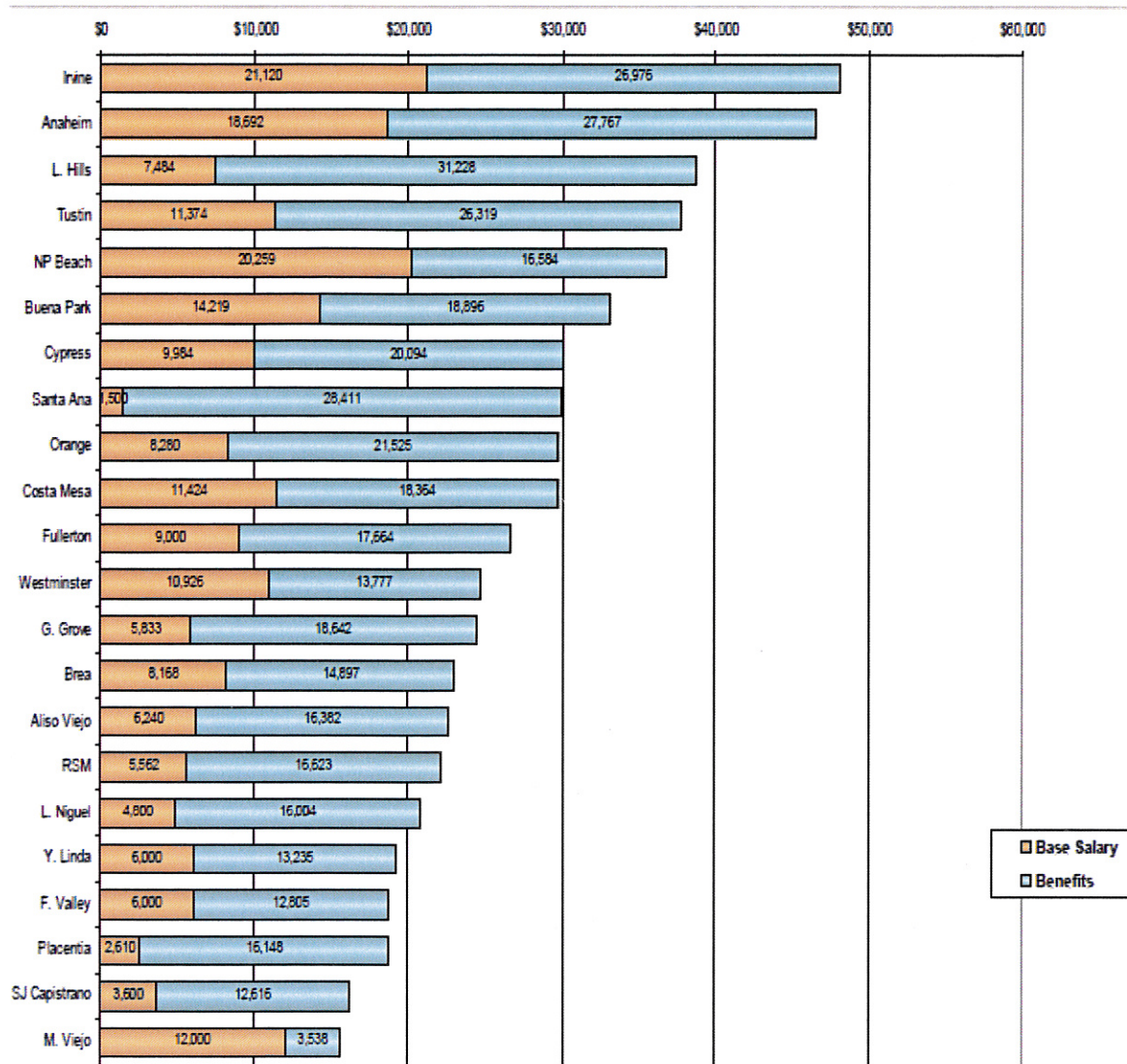
Council Member Wendy Leece requested staff to prepare the necessary documents for the City Council to consider a reduction in its compensation.

In 2009, the City Council reduced its then-monthly salary of \$952 by 5% due to the economic turndown. A copy of the minutes from the April 21, 2009 deliberations on this matter is attached (Attachment 1). Also attached is a copy of Ordinance 09-5 implementing the City Council's action at the time (Attachment 2).

Council members in Costa Mesa receive a \$904 monthly salary and \$1,595 per month in health benefits or the cash equivalent. (Note: Councilman Righeimer has declined the health benefits and its cash equivalent.) As Council members, they also serve on numerous public boards and task forces without pay. In some cases, however, the Council members receive a stipend for each meeting they attend. For instance, Council members receive \$30 for each Costa Mesa Redevelopment Agency meeting they attend. In addition, Mayor Monahan receives \$120 for each meeting he attends of the San Joaquin Hills Transportation Corridor Agency, and Council Member Leece earns a \$100 stipend for each Orange County Vector Control District she attends.

The City also contributes 12.114% of the salaries of Mayor Monahan, Council Members Leece and Bever to their CalPERS pensions. In addition, those three Council members themselves contribute 10.469% of their salaries to CalPERS. The City contributes 3.75% of the salaries of Mayor Pro Tem Righeimer and Council Member Mensinger to CalPARS. The two Council members match the 3.75% contribution.

Compared with other Orange County cities, total compensation for Costa Mesa Council members fall roughly in the middle (see chart below).



## ANALYSIS

If the City Council decides to reduce its compensation, a proposed Ordinance could be introduced and given a first reading at the City Council's Sept. 6 meeting. The decrease in the salaries and health benefits of the City Council, by law, would not go into effect until the new Council terms begin after the next general election in 2012. The Fiscal Review section of this report addresses a range of percentage adjustments the City Council may consider along with the corresponding dollar value.

**ALTERNATIVES CONSIDERED:**

The alternative would be to keep Council compensation as is.

**FISCAL REVIEW:**

The adjustment could be at any percentage that the City Council would agree upon. Various percentage amounts are as follows for monthly salary:

5% = a reduction of \$45.22 per to month to \$859.18  
10% = a reduction of \$95.20 per month to \$813.96  
15% = a reduction of \$135.66 per month to \$768.44  
20% = a reduction of \$180.88 per month to \$723.52  
25% = a reduction of \$226.10 per month to \$678.30

Various percentage amounts are as follows for monthly health benefits:

5% = a reduction of \$79.75 per to month to \$1515.25  
10% = a reduction of \$159.50 per month to \$1435.50  
15% = a reduction of \$239.25 per month to \$1355.75  
20% = a reduction of \$319 per month to \$1276  
25% = a reduction of \$398.75 per month to \$1196.25

**LEGAL REVIEW:**

No legal review is required for this item.

**CONCLUSION:**

If approved, the City Council reductions would go into effect when the new Council terms begin after the next general election in 2012.

---

BILL LOBDELL  
Interim Director of Communications

---

THOMAS HATCH  
Chief Executive Officer

ATTACHMENTS:    1    [City Council Meeting Minutes – April 21, 2009](#)  
                          2    [Ordinance 09-5](#)